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DEPARTMENT OF COMMERCE

International Trade Administration

C-570-995

Grain-Oriented Electrical Steel from the People's Republic of China: Final Affirmative Countervailing Duty Determination

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce

SUMMARY: The Department of Commerce (the Department) determines that countervailable subsidies are being provided to producers and exporters of grain-oriented electrical steel (GOES) from the People's Republic of China (the PRC). For information on the estimated subsidy rates, *see* the "Suspension of Liquidation" section of this notice.

EFFECTIVE DATE: Insert date of publication in the *Federal Register*.

FOR FURTHER INFORMATION CONTACT: Yasmin Nair, David Cordell or Brian Davis, AD/CVD Operations, Office VI, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone 202.482.3813, 202.482.0408 or 202.482.7924, respectively.

SUPPLEMENTARY INFORMATION:

Background

Petitioners to this investigation are the AK Steel Corporation, Allegheny Ludlum, LLC, as well as the United Steelworkers, which represents employees of Allegheny Ludlum (collectively, Petitioners). This investigation covers 19 government programs. The mandatory respondent to this investigation is Baoshan Iron & Steel Co., Ltd.

Period of Investigation

The period of investigation for which we are measuring subsidies is January 1, 2012, through December 31, 2012.

Case History

The events that have occurred since the Department published the *Preliminary Determination* on March 11, 2014,¹ are discussed in the Memorandum to Paul Piquado, Assistant Secretary for Enforcement and Compliance, “Issues and Decision Memorandum for the Final Determination of Grain-Oriented Electrical Steel from the People’s Republic of China” (Decision Memorandum), which is hereby adopted by this notice.²

Scope of the Investigation

The scope of the investigation covers GOES, which is a flat-rolled alloy steel product containing by weight specific levels of silicon, carbon, and aluminum. For a complete description of the scope of the investigation, *see* Appendix I to this notice.

Analysis of Subsidy Programs and Comments Received

The subsidy programs under investigation and the issues raised in the case and rebuttal briefs submitted by parties in this investigation are addressed in the Decision Memorandum, dated concurrently with this notice. A list of the issues that parties raised and to which we responded in the Decision Memorandum is attached to this notice as Appendix II.

The Decision Memorandum is a public document and is on file electronically via IA ACCESS. In addition, a complete version of the Decision Memorandum can be accessed

¹ *See Countervailing Duty Investigation of Grain-Oriented Electrical Steel From the People’s Republic of China: Preliminary Determination and Alignment of Final Determination With Final Antidumping Duty Determination*, 79 FR 13617 (March 11, 2014).

² Public versions of all business proprietary documents and all public documents are on file electronically via the Antidumping and Countervailing Duty Centralized Electronic Service System (IA ACCESS). Access to IA ACCESS is available to registered users at <http://iaaccess.trade.gov> and in the Central Records Unit, Room 7046 of the main Department of Commerce building.

directly on the Internet at <http://enforcement.trade.gov/frn/index.html>. The signed and the electronic versions of this memorandum are identical in content.

Use of Facts Otherwise Available, Including Adverse Inferences

For purposes of this final determination, we relied on facts available and applied an adverse inference, in accordance with sections 776(a) and (b) of the Tariff Act of 1930, as amended (the Act), with regard to 1) the existence of a financial contribution, benefit, and specificity for the alleged subsidy programs and 2) Baoshan Iron & Steel Co., Ltd.'s (Baoshan) net subsidy rate. A full discussion of our decision to rely on adverse facts available is presented in the Decision Memorandum under the section "Use of Facts Otherwise Available and Adverse Inferences."

Suspension of Liquidation

In accordance with section 705(c)(1)(B)(i) of the Act, we have calculated an individual rate for Baoshan. Section 705(c)(5)(A)(i) of the Act states that for companies not individually investigated, we will determine an "all-others" rate equal to the weighted average countervailable subsidy rates established for exporters and producers individually investigated, excluding any zero and *de minimis* countervailable rates, and any rates determined entirely under section 776 of the Act. Section 705(c)(5)(A)(ii) of the Act states that if the countervailable subsidy rates for all exporters and producers individually investigated are zero or *de minimis* rates, or are determined entirely under section 776 of the Act, the Department may use any reasonable method to establish an all-others rate for exporters and producers not individually investigated, including averaging the weighted average countervailable subsidy rates determined for the exporters and producers individually investigated. As described above, Baoshan's subsidy rate was calculated entirely under section 776 of the Act. Therefore, we have resorted to

“any reasonable method” to derive the “all-others” rate, as described under section 705(c)(5)(A)(ii) of the Act. We are basing the “all-others” rate on the rate determined for Baoshan, consistent with section 705(c)(5)(A)(ii) of the Act.³ This issue is discussed in more detail in Comment 1 of the Decision Memorandum.

We determine the total estimated net countervailable subsidy rates to be:

Producer/Exporter	Net Subsidy <i>Ad Valorem</i> Rate (percent)
Baoshan Iron & Steel Co., Ltd.	127.69
All-Others	127.69

As a result of our *Preliminary Determination*, and pursuant to section 703(d) of the Act, we instructed U.S. Customs and Border Protection (CBP) to suspend liquidation of all entries of GOES from the PRC that were entered or withdrawn from warehouse, for consumption on or after March 11, 2014, the date of publication of the *Preliminary Determination* in the *Federal Register*. In accordance with section 703(d) of the Act, we issued instructions to CBP to discontinue the suspension of liquidation for countervailing duty (CVD) purposes for subject merchandise entered, or withdrawn from warehouse, on or after July 9, 2104, but to continue the suspension of liquidation of all entries from March 11, 2014, through July 8, 2014.

If the U.S. International Trade Commission (ITC) issues a final affirmative injury determination, we will issue a CVD order and reinstate the suspension of liquidation under section 706(a) of the Act and will require a cash deposit of estimated CVDs for such entries of merchandise in the amounts indicated above. If the ITC determines that material injury, or threat

³ See, e.g., *Certain Potassium Phosphate Salts From the People’s Republic of China: Final Affirmative Countervailing Duty Determination and Termination of Critical Circumstances Inquiry*, 75 FR 30375, 30376 (June 1, 2010).

of material injury, does not exist, this proceeding will be terminated and all estimated duties deposited or securities posted as a result of the suspension of liquidation will be refunded or canceled.

ITC Notification

In accordance with section 705(d) of the Act, we will notify the ITC of our determination. In addition, we are making available to the ITC all non-privileged and non-proprietary information related to this investigation. We will allow the ITC access to all privileged and business proprietary information in our files, provided the ITC confirms it will not disclose such information, either publicly or under an administrative protective order (APO), without the written consent of the Assistant Secretary for Enforcement and Compliance.

Return or Destruction of Proprietary Information

In the event that the ITC issues a final negative injury determination, this notice will serve as the only reminder to parties subject to an APO of their responsibility concerning the destruction of proprietary information disclosed under APO in accordance with 19 CFR 351.305(a)(3). Timely written notification of the return/destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and terms of an APO is a violation that is subject to sanction.

This determination is published pursuant to sections 705(d) and 777(i) of the Act.

Paul Piquado
Assistant Secretary
for Enforcement and Compliance

September 24, 2014
Date

Appendix I – Scope of the Investigation

The scope of this investigation covers grain-oriented silicon electrical steel (GOES). GOES is a flat-rolled alloy steel product containing by weight at least 0.6 percent but not more than 6 percent of silicon, not more than 0.08 percent of carbon, not more than 1.0 percent of aluminum, and no other element in an amount that would give the steel the characteristics of another alloy steel, in coils or in straight lengths. The GOES that is subject to this investigation is currently classifiable under subheadings 7225.11.0000, 7226.11.1000, 7226.11.9030, and 7226.11.9060 of the Harmonized Tariff Schedule of the United States (HTSUS). Although the HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of this investigation is dispositive. Excluded are flat-rolled products not in coils that, prior to importation into the United States, have been cut to a shape and undergone all punching, coating, or other operations necessary for classification in Chapter 85 of the HTSUS as a transformer part (*i.e.*, laminations).

Appendix II –Issues and Decision Memorandum

I. Summary

II. Background

A. Case History

B. Period of Investigation

III. Scope Comments

IV. Scope of the Investigation

V. Application Of The Countervailing Duty Law To Imports From The PRC

VI. Use of Facts Otherwise Available and Adverse Inferences

A. Selection of the Adverse Facts Available Rate

B. Subsidy Rate Chart

VII. Analysis of Comments

Comment 1: Countervailable Subsidy Rate for Baoshan and All-Others Rate

VIII. Conclusion

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